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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 001069

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E.O. 12958: DECL: 05/11/2032

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SUBJECT: TAICHUNG KMT MAYOR JASON HU ON MA YING-JEOU,
PRESIDENTIAL POLITICS

Classified By: AIT Director Stephen M. Young, Reason(s): 1.4 (B/D).

¶1. (C) Summary: KMT Taichung Mayor Jason Hu told the Director on May 10 that the outcome of the 2008 presidential race is "very much uncertain," but KMT presidential nominee Ma Ying-jeou would still probably win, despite his legal difficulties. Hu predicted DPP presidential nominee Frank Hsieh will run a dirty campaign, but has his own scandals to worry about. Ma missed an opportunity to show "guts" by rejecting the PFP's attempt to blackmail the KMT, and could do better at using the press to build voter support. Ma and presidential rival Legislative Speaker Wang Jin-pyng are getting along better than most believe, and even if Wang doesn't accept the vice presidential nomination, he won't break from the party. End Summary.

¶2. (C) Mayor Hu told the Director that "everyone" in Taiwan, including President Chen, had been surprised by former Kaohsiung Mayor Frank Hsieh Chang-ting's defeat of Premier Su Tseng-chang in the DPP's May 6 presidential primary. Hsieh's

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unexpectedly strong showing, he continued, made the outcome of next year's presidential race "very much uncertain." The DPP leadership would like Hsieh to choose Su as his vice presidential running mate, Hu said, because Su will bring the support of the Cabinet with him. The KMT, he noted, hopes Hsieh will choose former acting Kaohsiung Mayor Yeh Chu-lan, because she would bring less to the ticket. While Yeh is an ethnic Hakka, Hu explained, she won't be able to draw too many votes from the traditionally deep-Blue Hakka population.

¶3. (C) Regardless of who his running mate is, Hu told the Director, Hsieh will run a dirty campaign, because that strategy worked well for him in the 2002 Kaohsiung mayoral race against current KMT Secretary General Wu Den-yih. The KMT, in turn, will try to batter Hsieh with his widely suspected involvement in the Kaohsiung Rapid Transit Corporation scandal and the ongoing corruption investigations against him. Hsieh is also vulnerable, Hu argued, because he did very little to help Kaohsiung economically but substantially increased the city's debt burden.

¶4. (C) Having just won the DPP nomination, Hsieh is at the height of his popularity, and is attracting large numbers of endorsements. KMT presidential candidate Ma Ying-jeou hasn't

gotten this bounce yet, Hu argued, because he won't receive the KMT's formal nomination until mid-June. If he had to predict the winner at this early stage, Hu said he would still bet on Ma. At the same time, Hu was gently critical of Ma's presidential campaign, grumbling that Ma is doing too little to attract the press attention he needs to build support. Referring to Ma's current bike ride around Taiwan, Hu grumbled that Ma was finally doing something "slightly more creative" than shaking hands with voters.

15. (C) Mayor Hu was also critical of Ma for giving in to "blackmail" from James Soong's moribund People First Party (PFP). (Note: The KMT Central Standing Committee (CSC) recently ratified a decision reserving four districts and three at-large nominations for PFP candidates in this December's Legislative Yuan (LY) elections, in exchange for continued PFP cooperation in the LY. End note.) Ma could have displayed "guts" by rejecting PFP blackmail, but instead looked weak for giving in, complained Hu. As for the CSC, it "completely ignored" local KMT leaders' advice on the viability of PFP candidates in their districts. Hu said he had threatened to go public with his criticism of the CSC if it continued to disrespect local leaders' wisdom on nominations.

16. (C) The Director asked Hu whether KMT LY Speaker Wang Jin-pyng would ultimately agree to serve as Ma's vice presidential running mate. Hu responded that it is an open secret that Wang wants to replace Ma as the KMT's

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presidential candidate, and is hoping that a corruption conviction will force Ma out of the race. Wang has never said publicly that he wants to be Vice President, Hu continued, in order to keep his options open as long as possible. Even if he doesn't accept the vice presidential nomination, Hu predicted, Wang won't break from the KMT. Hu recounted for the Director a dinner he recently hosted for

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Ma, Wang, and others at his residence in Taichung. Ma and Wang were originally scheduled to arrive at separate times. Hu protested, arguing that their separate arrivals would inconvenience event organizers and press at an event after the dinner. Both Ma and Wang agreed to arrive at the same time. Without going into detail, Hu told the Director that Wang's remarks during dinner "convinced" him that Wang would not run as an independent. Subsequently, Wang invited Ma to attend a concert in Taichung, which, according to Hu, suggests Wang does not seek to avoid Ma as much as press reports would suggest.

17. (C) Hu said both the Pan-Blue and Pan-Green were treating Ma's ongoing corruption case as a "hot potato." DPP leaders remember that Ma's popularity reached its recent peak right after he was indicted. If Ma is convicted, voters could perceive him as a victim of a politically motivated prosecution, driving his popularity rates even higher. On the other hand, Hu continued, a severe sentence could weaken Ma or even force him from the race, virtually ending the KMT's hopes of regaining the presidency. No one can predict how the case will turn out, Hu added, or how it will impact Ma.

18. (C) Jason Hu is one of Ma's longtime supporters, so his frustration over the KMT standard-bearer is of particular note. So is his complaint from the provinces that the party center was steamrolling local concerns as it selects LY candidates. None of which speaks well for KMT unity as they approach key elections this winter.

YOUNG